

*Village of Middleville*  
*Barry County, Michigan*

**FINANCIAL STATEMENTS**

*Year ended December 31, 2013*

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## INDEPENDENT AUDITOR'S REPORT

Village Council  
Village of Middleville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the Village of Middleville, Michigan, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, as listed in the contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the Village of Middleville, Michigan, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Accounting changes***

As described in Note 16 to the financial statements, the Village adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to these matters.

***Required supplementary information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Middleville, Michigan's financial statements as a whole. The combining component unit fund financial statements, individual component unit budgetary comparison schedules, and the schedules of debt retirement and annual interest requirements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedules of long-term debt requirements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Sigfried Crandall P.C.*

May 12, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the Village of Middleville's (the Village) financial performance provides a narrative overview of the Village's financial activities for the fiscal year ended December 31, 2013. The Governmental Accounting Standards Board's (GASB) Statement No. 34 requires management to prepare a straightforward Management Discussion and Analysis (MD&A) of their local government's financial health during the past year. The reader should use this analysis, along with the annual report, to gain a complete picture of the Village of Middleville for 2013.

#### FINANCIAL HIGHLIGHTS

- Net position is the amount by which the Village's assets exceeded its liabilities. Net position totaled \$10,334,715 at December 31, 2013. The unrestricted portion of this amount, \$1,422,840 (14 percent), is available to be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$264,508 (3 percent) as a result of this year's activities. The net position of the governmental activities increased by \$97,010, and the net position of the business-type activities increased by \$167,498.
- The General Fund's unassigned fund balance at the end of the fiscal year was \$77,156.
- *Governmental activities* - The Village's operating millage is 12.5 mills. The Village has allocated 10.5 mills to the General Fund and 2.0 mills to the Major Street Fund, which will provide additional funding for major street capital infrastructure needs.
- *Business-type activities* - The Village's multi-year utility rate increase policy for commodity charges keeps the utility fund revenues steady and avoids large increases all at once. The continued policy of new development paying for public water and sewer improvements allows the remaining resources to be used for repair and replacement of existing off-site infrastructure that serves these new developments.

#### Overview of the financial statements

The Village's annual report is comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents additional information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide financial statements.
  - Governmental funds statements explain how general government services, like public safety, were financed in the short-term, as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the government operates like a business, such as the sewer and water systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required supplementary information and other supplementary information that further explain and support the information in the financial statements.

A comparative analysis of the basic financial statements for 2013 and 2012 is also presented.

### Government-wide financial statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how it has changed. Net position (the difference between the Village's assets and liabilities) is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village, you need to consider additional nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's capital assets.

The government-wide financial statements are divided into three categories:

- *Governmental activities* - Most of the Village's basic services are included here, such as police protection and general government. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are reported here.
- *Component units* - The Village includes two other entities in its report - the Downtown Development Authority and the Local Development Finance Authority. Although legally separate, these "component units" are important because the Village is financially accountable for them.

### Fund financial statements

The fund financial statements provide more detailed information about the Village's most significant funds - not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- The Village Council establishes other funds to control and manage money for particular purposes (like street maintenance) to show that it is properly using certain revenues (like state grants collected for the street funds).

The Village has two types of funds:

- *Governmental funds* - Most of the Village's basic services are included in its governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information that explains the relationship between them.

The General Fund is the primary and most diverse governmental fund. The General Fund accounts for general administration, accounting, planning and zoning, parks and recreation, sidewalks, and other general government activities. Law enforcement is also accounted for in this fund.

The Major (5.5 miles) and Local (10.45 miles) Street funds account for improvements to, and preservation of, the 15.95 miles of streets in the Village.

- *Proprietary funds* - Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-term and short-term financial information. In fact, the Village's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

The Sewer Fund records revenues from charges to the sewer customers and receipts in the form of connection fees made by developers that pay for the maintenance of the sewer system and wastewater treatment plant.

The Water Fund records revenues from charges to the water customers and receipts from developers in the form of connection fees to pay for the maintenance of the water system, wells, a tower, and two booster stations.

The Village uses an internal service fund (the other type of proprietary fund) to report activities that provide services for the Village's other programs and activities. The Village's internal service fund is its Motor Vehicle Equipment Fund. This fund rents a fleet of equipment to the other funds at rates established by the State.

#### Component units

The Downtown Development Authority and the Local Development Finance Authority, although legally separate, are included in the Village's financial report because the Village is financially accountable for them.

The Local Development Finance Authority (LDFA) was created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district. This entity has completed most of its plan by renovating the streets that serve its district.

The Downtown Development Authority (DDA) was also created by the Village to capture property taxes from certain taxing units from a specific district within the Village to finance public improvements to that district.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**Net position**

Total net position at the end of the fiscal year was \$10,334,714 compared to \$10,070,206 at the end of the prior year. Of this total, \$8,108,451 represents the net investment in capital assets and \$803,423 is restricted for various purposes. Consequently, unrestricted net position was \$1,422,840, or 14 percent of the total.

*Condensed financial information  
Net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2011</i>
Current and other assets	\$ 402,239	\$ 476,066	\$ 2,110,690	\$ 2,069,725	\$ 2,512,929	\$ 2,545,791
Capital assets	4,253,660	3,906,233	6,738,339	6,956,410	10,991,999	10,862,643
<b>Total assets</b>	<b>4,655,899</b>	<b>4,382,299</b>	<b>8,849,029</b>	<b>9,026,135</b>	<b>13,504,928</b>	<b>13,408,434</b>
Current and other liabilities	247,950	176,908	38,716	43,320	286,666	220,228
Long-term debt	685,548	580,000	2,198,000	2,538,000	2,883,548	3,118,000
<b>Total liabilities</b>	<b>933,498</b>	<b>756,908</b>	<b>2,236,716</b>	<b>2,581,320</b>	<b>3,170,214</b>	<b>3,338,228</b>
<b>Net position:</b>						
Net investment in capital assets	3,568,112	3,673,086	4,540,339	4,477,922	8,108,451	8,151,008
Restricted	190,383	59,486	613,040	648,037	803,423	707,523
Unrestricted (deficit)	(36,094)	(107,181)	1,458,934	1,318,856	1,422,840	1,211,675
<b>Total net position</b>	<b>\$ 3,722,401</b>	<b>\$ 3,625,391</b>	<b>\$ 6,612,313</b>	<b>\$ 6,444,815</b>	<b>\$ 10,334,714</b>	<b>\$ 10,070,206</b>

**Changes in net position**

The Village's total revenues were \$2,345,467 in the current year compared to \$2,502,334 in the prior year. More than 34 percent of the Village's revenues come from property taxes and approximately 30 percent comes from public utility fees. Operating and capital grants, in the amount of \$544,444, accounted for 23 percent of the total revenues in 2013.

The total cost of the Village's programs for the current year, covering a wide range of services, totaled \$2,080,959 compared to \$2,000,045 in the prior year. More than 37 percent of the Village's costs relates to the provision of utility services. Governmental public works expenses represent approximately 22 percent of all costs, while general government expenses account for more than 20 percent of the total costs.

*Condensed financial information  
Changes in net position*

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>Program revenues:</b>						
Charges for services	\$ 41,307	\$ 33,096	\$ 666,040	\$ 675,910	\$ 707,347	\$ 709,006
Operating grants and contributions	238,884	236,448	-	-	238,884	236,448
Capital grants and contributions	-	20,900	305,560	328,765	305,560	349,665
<b>General revenues:</b>						
Property taxes	807,256	937,047	-	-	807,256	937,047
State shared revenue	266,257	259,519	-	-	266,257	259,519
Other	11,201	10,625	8,962	24	20,163	10,649
<b>Total revenues</b>	<b>1,364,905</b>	<b>1,497,635</b>	<b>980,562</b>	<b>1,004,699</b>	<b>2,345,467</b>	<b>2,502,334</b>
<b>Expenses:</b>						
General government	416,700	391,281	-	-	416,700	391,281
Public safety	288,335	278,976	-	-	288,335	278,976
Public works	457,006	419,602	-	-	457,006	419,602
Community and economic development	57,614	43,924	-	-	57,614	43,924
Recreation and culture	51,984	74,006	-	-	51,984	74,006
Sewer	-	-	476,981	478,054	476,981	478,054
Water	-	-	293,243	302,233	293,243	302,233
Interest	39,096	11,969	-	-	39,096	11,969
<b>Total expenses</b>	<b>1,310,735</b>	<b>1,219,758</b>	<b>770,224</b>	<b>780,287</b>	<b>2,080,959</b>	<b>2,000,045</b>
<b>Excess before transfers</b>	<b>54,170</b>	<b>277,877</b>	<b>210,338</b>	<b>224,412</b>	<b>264,508</b>	<b>502,289</b>
<b>Transfers</b>	<b>42,840</b>	<b>42,840</b>	<b>(42,840)</b>	<b>(42,840)</b>	<b>-</b>	<b>-</b>
<b>Changes in net position</b>	<b>\$ 97,010</b>	<b>\$ 320,717</b>	<b>\$ 167,498</b>	<b>\$ 181,572</b>	<b>\$ 264,508</b>	<b>\$ 502,289</b>
<b>Total net position, end of year</b>	<b>\$ 3,722,401</b>	<b>\$ 3,625,391</b>	<b>\$ 6,612,313</b>	<b>\$ 6,444,815</b>	<b>\$ 10,334,714</b>	<b>\$ 10,070,206</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Governmental activities**

Revenues exceeded expenses during each of the past two years, causing the Village's net position to increase by \$97,010 in 2013 and \$320,717 in 2012. The increase in net position is lower in the current year because revenues decreased by \$132,730 and expenses increased by \$90,977.

Revenues declined due to a \$129,791 decrease in property tax revenues, primarily because the prior year included a one-time bankruptcy collection, in the amount of \$90,719. In addition, taxable values increased nearly 14 percent causing total tax revenues to rise by more than \$150,000. However, most of the increase in taxable values occurred in the LDFA so that the taxes captured by the LDFA, from the Village, increased by approximately \$189,000, causing a net decrease in tax revenues of approximately \$39,000.

The increase in expenses, in the amount of \$90,977, occurred due to the following circumstances:

- General government expenses increased by \$25,419 as a result of increased staffing costs.
- Public works expenses increased by \$37,404 due to an increase in street maintenance costs.
- Interest costs rose by \$27,127 due to interest payments on the 2012 capital improvement bonds and the elimination of issuance costs, in the amount of \$17,850, with the implementation of GASB #65.

The following schedule shows the costs of the Village's three largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Village's taxpayers by each of these functions. The total cost of all governmental activities was \$1,310,735. However, the amount that our taxpayers paid for these activities through general revenues and transfers was \$1,030,544. Some of the cost was paid by:

- Those who directly benefited from the programs (\$41,307), or
- Other governments that subsidized certain programs with grants and contributions (\$238,884), and
- The business-type activities transferred \$42,840 to the governmental activities related to the Village's payment in lieu of taxes program.

	<i>Total cost of services</i>	<i>Net cost of services</i>
Public works	\$ 457,006	\$ 219,328
General government	416,700	380,480
Public safety	288,335	282,042
Other	<u>148,694</u>	<u>148,694</u>
Totals	<u>\$ 1,310,735</u>	<u>\$ 1,030,544</u>

The Village paid for the \$1,030,544 "public benefit" portion with \$1,127,554 in property taxes, and other general revenues, such as state shared revenue and interest income.

**Business-type activities**

Business-type activities increased the Village's net position by \$167,498 in the current year compared to an increase of \$181,572 in the prior year. The increases in each of the past two years indicate that rates have been set to fully cover both operating and debt service costs.

The increase in net position was lower in the current year as revenues declined by \$24,137, though expenses were down \$10,063. The reduction in revenues was primarily the result of a decline in connection fees in the amount of \$11,530. Revenues related to commodity charges increased slightly due to an increase in rates; however, debt retirement charges declined after a review of the utility systems led to changes in customer charges.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

### Governmental funds

As of December 31, 2013, the Village's governmental funds, in total, reported net fund balance of \$309,870, which represents a decrease of \$48,962 compared to last year's total.

The General Fund experienced a decrease in fund balance of \$50,512. The current year decrease occurred because bond proceeds, which were recognized in the prior year, were expended in the current year. The fund also transferred \$50,000 to the Major Street Fund to support street improvement costs. The Fund has a fund balance of \$133,675 at the end of the year; however, portions of the fund balance are nonspendable and restricted, totaling \$42,331 and \$14,188, respectively. Unassigned fund balance amounts to \$77,156 at year end.

The Major Street Fund experienced an increase in fund balance of \$27,613. The increase in fund balance came as a result of the recognition of \$129,924 in property tax revenues, state grants of \$164,293, and transfers from other funds totaling \$100,000. The Fund has a fund balance of \$137,668 at the end of the year that is restricted by enabling legislation for street maintenance and improvements.

The Local Street Fund experienced a decrease in fund balance of \$26,063. The decrease in fund balance occurred due to substantial seal coating costs, approximating \$40,000, in the current year. The Fund has a fund balance of \$38,527 at the end of the year that is restricted by enabling legislation for street maintenance and improvements.

### Enterprise funds

The Sewer Fund experienced an operating loss of \$5,420 in the current year. Net nonoperating expenses of \$55,792 and a transfer to the General Fund of \$42,840 also reduced the fund's equity. However, capital contributions, in the amount of \$258,237, allowed an increase in net position of \$154,185. The fund's net position is \$4,660,547 at December 31, 2013, of which \$1,181,633 is unrestricted.

The Water Fund's operating revenues did not cover operating expenses in the current year as the fund experienced an operating loss of \$24,460. Capital contributions, consisting of debt retirement charges (\$47,323), exceeded debt service expenses (\$24,369) so that the net position only declined by \$1,506. The fund's net position is \$1,885,413 at December 31, 2013, of which \$210,948 is unrestricted.

### Internal service fund

The Motor Vehicle Equipment Fund (MVEF) pays for its annual operational expenses by charging other funds for the use of its assets. The Village has compiled a Capital Improvement Plan (CIP) so that major purchases can be scheduled over time.

### General Fund budgetary highlights

The Village did not amend its revenue budget. Total actual revenues were \$18,732 lower than budgeted, primarily because property tax revenue was lower than originally expected.

The Village amended its expenditure budget to increase appropriations by \$55,020. Total expenditures were \$63,367 less than the final amounts appropriated. The most significant expenditure variance occurred in the general government function where expenditures were \$35,495 lower than appropriations as fringe benefit costs were lower than planned.

The fund experienced a \$50,512 decrease in fund balance compared to a budgeted decrease of \$52,465.

**Capital assets and debt administration**

**Capital assets**

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$10,991,999 (net of accumulated depreciation). This investment includes a broad range of assets, including land, equipment, buildings, and sewer and water facilities. The increase in the Village's net investment in capital assets for the current fiscal year was \$129,356, comprised of \$503,649 in additions and \$374,293 in provisions for depreciation.

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Infrastructure	\$ 3,069,712	\$ 6,506,961	\$ 9,576,673
Buildings and improvements	825,555	-	825,555
Equipment	154,522	88,229	242,751
Land	203,871	143,149	347,020
<b>Totals</b>	<b>\$ 4,253,660</b>	<b>\$ 6,738,339</b>	<b>\$ 10,991,999</b>

Major capital asset events during the current fiscal year included the following:

- Costs associated with the reconstruction of Bender Road amounted to \$191,624
- Local street seal coating with a total cost of \$115,774
- A Ford F-350, with crane attachment, was purchased for \$47,753
- Drain improvements, at a cost of \$136,000, were assessed by the County

More detailed information about the Village's capital assets is presented in Note 6 of the notes to the basic financial statements.

**Debt**

At the end of the fiscal year, the Village had total long-term debt outstanding in the amount of \$2,883,548, which represents a net decrease of \$234,452. All debt is backed by the full faith and credit of the Village.

The Village's long-term debt increased by \$136,000 due to a contractual obligation, that is owed to the County Drain Commission, to finance the Village's share of drain improvements. The Village reduced its debt through the payment of principal, in the amount of \$370,452, on various obligations. All scheduled debt payments were made in a timely manner in 2013.

Other noncurrent obligations include accrued other postemployment benefits in the amount of \$138,253.

More detailed information about the Village's long-term liabilities is presented in Note 9 of the notes to the basic financial statements.

**Economic factors and next year's budgets and rates**

The Village Council has set fiscal accountability and financial stability as its number one priority. Council solidified this with the adoption of the Financial Administration Policies for the Village in March 2013. Council continues their practice of tight fiscal controls, which includes continually monitoring revenue sources and uses, asset management, energy use, and water and sewer rates to be sure spending is in line with fiscal policies and financial stewardship.

The Village projects a slight increase in property tax revenue, anticipates increases in benefits and wages to employees, and will implement capital projects as funds allow.

**Contacting the Village's financial management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Village of Middleville  
Rebecca Fleury, Village Manager  
100 East Main Street  
Middleville, MI 49333-0069

Phone: (269) 795-3385

**BASIC FINANCIAL STATEMENTS**

Village of Middleville

**STATEMENT OF NET POSITION**

December 31, 2013

	Primary government			Component units	
	Governmental activities	Business-type activities	Totals	Local Development Finance Authority	Downtown Development Authority
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash	\$ 222,612	\$ 1,699,062	\$ 1,921,674	\$ 658,599	\$ 176,904
Receivables	203,649	263,117	466,766	64,513	27,246
Prepaid expenses	14,200	5,735	19,935	-	-
Advance to component unit	28,131	-	28,131	-	-
Internal balances	(66,353)	66,353	-	-	-
<b>Total current assets</b>	<b>402,239</b>	<b>2,034,267</b>	<b>2,436,506</b>	<b>723,112</b>	<b>204,150</b>
<b>Noncurrent assets:</b>					
Receivables	-	76,423	76,423	-	-
Capital assets not being depreciated	203,871	143,149	347,020	-	-
Capital assets, net of depreciation	4,049,789	6,595,190	10,644,979	1,434,491	22,051
<b>Total noncurrent assets</b>	<b>4,253,660</b>	<b>6,814,762</b>	<b>11,068,422</b>	<b>1,434,491</b>	<b>22,051</b>
<b>Total assets</b>	<b>4,655,899</b>	<b>8,849,029</b>	<b>13,504,928</b>	<b>2,157,603</b>	<b>226,201</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Payables	88,315	38,716	127,031	342	2,017
Deposit	21,382	-	21,382	-	-
Advance from primary government	-	-	-	-	28,131
Bonds, contracts, and notes payable	59,454	380,821	440,275	38,717	-
<b>Total current liabilities</b>	<b>169,151</b>	<b>419,537</b>	<b>588,688</b>	<b>39,059</b>	<b>30,148</b>
<b>Noncurrent liabilities:</b>					
Other postemployment obligation, net	138,253	-	138,253	-	-
Bonds, contracts, and notes payable	626,094	1,817,179	2,443,273	745,509	-
<b>Total noncurrent liabilities</b>	<b>764,347</b>	<b>1,817,179</b>	<b>2,581,526</b>	<b>745,509</b>	<b>-</b>
<b>Total liabilities</b>	<b>933,498</b>	<b>2,236,716</b>	<b>3,170,214</b>	<b>784,568</b>	<b>30,148</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,568,112	4,540,339	8,108,451	650,265	22,051
<b>Restricted:</b>					
Public safety	14,188	-	14,188	-	-
Public works	176,195	-	176,195	-	-
Debt service	-	613,040	613,040	-	-
Unrestricted (deficit)	(36,094)	1,458,934	1,422,840	722,770	174,002
<b>Total net position</b>	<b>\$ 3,722,401</b>	<b>\$ 6,612,313</b>	<b>\$ 10,334,714</b>	<b>\$ 1,373,035</b>	<b>\$ 196,053</b>

See notes to financial statements

Village of Middleville  
**STATEMENT OF ACTIVITIES**  
 Year ended December 31, 2013

Functions/Programs	Net (expenses) revenues and changes in net position					
	Program revenues			Primary government		Component units
	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals
Governmental activities:						
General government	\$ 416,700	\$ -	\$ -	\$ (380,480)	\$ -	\$ (380,480)
Public safety	288,335	2,905	-	(282,042)	-	(282,042)
Public works	457,006	235,979	-	(219,328)	-	(219,328)
Community and economic development	57,614	-	-	(57,614)	-	(57,614)
Recreation and culture	51,984	-	-	(51,984)	-	(51,984)
Interest on long-term debt	39,096	-	-	(39,096)	-	(39,096)
Total governmental activities	<u>1,310,735</u>	<u>238,884</u>	<u>-</u>	<u>(1,030,544)</u>	<u>-</u>	<u>(1,030,544)</u>
Business-type activities:						
Sewer	476,981	-	267,199	\$ 203,768	\$ -	203,768
Water	293,243	-	47,323	6,570	6,570	6,570
Total business-type activities	<u>770,224</u>	<u>-</u>	<u>314,522</u>	<u>210,338</u>	<u>210,338</u>	<u>210,338</u>
Total primary government	<u>\$ 2,080,959</u>	<u>\$ 707,347</u>	<u>\$ 238,884</u>	<u>\$ (1,030,544)</u>	<u>\$ 210,338</u>	<u>\$ (820,206)</u>
Component units:						
Local Development Finance Authority	\$ 145,447	\$ -	\$ -	\$ -	\$ -	\$ (145,447)
Downtown Development Authority	65,378	5,798	-	-	-	(59,580)
Total component units	<u>\$ 210,825</u>	<u>\$ 5,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,447)</u>
General revenues:						
Property taxes	-	-	-	807,256	-	807,256
State shared revenue	-	-	-	266,257	-	266,257
Unrestricted interest earnings	-	-	-	11,201	-	11,201
Loss on sale of capital asset	-	-	-	-	-	-
Transfers	-	-	-	42,840	(42,840)	-
Total general revenues and transfers	-	-	-	<u>1,127,554</u>	<u>(42,840)</u>	<u>1,084,714</u>
Changes in net position				97,010	167,498	264,508
Net position - beginning				3,625,391	6,444,815	10,070,206
Net position - ending				<u>\$ 3,722,401</u>	<u>\$ 6,612,313</u>	<u>\$ 10,334,714</u>
						<u>\$ 1,373,035</u>
						<u>\$ 196,053</u>

See notes to financial statements

Village of Middleville

**BALANCE SHEET - governmental funds**

December 31, 2013

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 23,599	\$ 108,037	\$ 32,635	\$ 164,271
Receivables	157,099	37,375	9,175	203,649
Prepaid expenditures	14,200	-	-	14,200
Long-term advance to component unit	28,131	-	-	28,131
<b>Total assets</b>	<b>\$ 223,029</b>	<b>\$ 145,412</b>	<b>\$ 41,810</b>	<b>\$ 410,251</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Payables	\$ 67,972	\$ 7,744	\$ 3,283	\$ 78,999
Deposit	21,382	-	-	21,382
<b>Total liabilities</b>	<b>89,354</b>	<b>7,744</b>	<b>3,283</b>	<b>100,381</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid items	14,200	-	-	14,200
Long-term advance	28,131	-	-	28,131
<b>Restricted for:</b>				
Public safety	14,188	-	-	14,188
Public works	-	137,668	38,527	176,195
Unassigned	77,156	-	-	77,156
<b>Total fund balances</b>	<b>133,675</b>	<b>137,668</b>	<b>38,527</b>	<b>309,870</b>
<b>Total liabilities and fund balances</b>	<b>\$ 223,029</b>	<b>\$ 145,412</b>	<b>\$ 41,810</b>	<b>\$ 410,251</b>

Reconciliation of the balance sheet to the statement of net position:

Total fund balance - total governmental funds \$ 309,870

Amounts reported for *governmental activities* in the statement of net position (page 14) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 3,979,025

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(685,548)
Other postemployment obligation, net	(138,253)

Interest payable is not due and payable in the current period and, therefore, is not reported in the funds. (7,740)

An internal service fund is used by management to charge costs of equipment to individual funds. The assets and liabilities of the internal service fund are included in *governmental activities* in the statement of net position. 265,047

Net position of *governmental activities* \$ 3,722,401

See notes to financial statements

Village of Middleville

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended December 31, 2013

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Total governmental funds</u>
<b>REVENUES</b>				
Property taxes	\$ 689,018	\$ 129,924	\$ -	\$ 818,942
Licenses and permits	2,780	-	-	2,780
State grants	279,101	164,293	58,842	502,236
Interest and rentals	16,084	-	-	16,084
Other	23,770	706	387	24,863
Total revenues	<u>1,010,753</u>	<u>294,923</u>	<u>59,229</u>	<u>1,364,905</u>
<b>EXPENDITURES</b>				
General government	385,945	-	-	385,945
Public safety	280,735	-	-	280,735
Public works	230,298	357,762	109,677	697,737
Community and economic development	57,614	-	-	57,614
Recreation and culture	46,146	-	-	46,146
Capital outlay	12,522	-	-	12,522
Debt service:				
Principal	30,452	-	-	30,452
Interest	10,393	9,548	615	20,556
Total expenditures	<u>1,054,105</u>	<u>367,310</u>	<u>110,292</u>	<u>1,531,707</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(43,352)</u>	<u>(72,387)</u>	<u>(51,063)</u>	<u>(166,802)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	42,840	100,000	25,000	167,840
Transfers out	(50,000)	-	-	(50,000)
Net other financing sources (use)	<u>(7,160)</u>	<u>100,000</u>	<u>25,000</u>	<u>117,840</u>
<b>NET CHANGES IN FUND BALANCES</b>	(50,512)	27,613	(26,063)	(48,962)
<b>FUND BALANCES - BEGINNING</b>	<u>184,187</u>	<u>110,055</u>	<u>64,590</u>	<u>358,832</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 133,675</u>	<u>\$ 137,668</u>	<u>\$ 38,527</u>	<u>\$ 309,870</u>

See notes to financial statements

Village of Middleville

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
governmental funds (continued)

Year ended December 31, 2013

Reconciliation of the statement of revenues, expenditures, and changes  
in fund balances to the statement of activities:

Net change in fund balance - total governmental funds (page 17) \$ (48,962)

Amounts reported for *governmental activities* in the statement of  
activities (page 15) are different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the costs of those assets are allocated  
over their estimated useful lives as depreciation expense.

Assets acquired 455,896  
Provision for depreciation (122,606)

Long-term debt:

Proceeds of long-term debt (136,000)  
Principal payments 30,452

Changes in other current assets/liabilities:

Net increase in deferred charges (17,850)  
Net increase in accrued interest expense (690)  
Net increase in other postemployment benefit obligation (32,564)

A portion of the net expense of the internal service fund is reported with  
*governmental activities*.

(30,666)

Change in net position of *governmental activities*

\$ 97,010

See notes to financial statements

Village of Middleville

**STATEMENT OF NET POSITION - proprietary funds**

December 31, 2013

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>ASSETS</b>				
Current assets:				
Cash	\$ 1,549,937	\$ 149,125	\$ 1,699,062	\$ 58,341
Receivables	192,674	70,443	263,117	-
Prepaid expenses	2,667	3,068	5,735	-
Total current assets	<u>1,745,278</u>	<u>222,636</u>	<u>1,967,914</u>	<u>58,341</u>
Noncurrent assets:				
Receivables	75,341	1,082	76,423	-
Capital assets not being depreciated	33,780	109,369	143,149	-
Capital assets, net of depreciation	<u>3,911,094</u>	<u>2,684,096</u>	<u>6,595,190</u>	<u>274,635</u>
Total noncurrent assets	<u>4,020,215</u>	<u>2,794,547</u>	<u>6,814,762</u>	<u>274,635</u>
Total assets	<u>5,765,493</u>	<u>3,017,183</u>	<u>8,782,676</u>	<u>332,976</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	25,946	12,770	38,716	1,576
Bonds, contracts, and notes payable	<u>313,250</u>	<u>67,571</u>	<u>380,821</u>	<u>-</u>
Total current liabilities	339,196	80,341	419,537	1,576
Noncurrent liabilities - bonds, contracts, and notes payable	<u>765,750</u>	<u>1,051,429</u>	<u>1,817,179</u>	<u>-</u>
Total liabilities	<u>1,104,946</u>	<u>1,131,770</u>	<u>2,236,716</u>	<u>1,576</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,865,874	1,674,465	4,540,339	274,635
Restricted for debt service	613,040	-	613,040	-
Unrestricted	<u>1,181,633</u>	<u>210,948</u>	<u>1,392,581</u>	<u>56,765</u>
Total net position	<u>\$ 4,660,547</u>	<u>\$ 1,885,413</u>	<u>\$ 6,545,960</u>	<u>\$ 331,400</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>66,353</u>	
Net position of <i>business-type activities</i> (page 14)			<u>\$ 6,612,313</u>	

See notes to financial statements

Village of Middleville

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - proprietary funds**

Year ended December 31, 2013

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>OPERATING REVENUES</b>				
Charges for services:				
Utility charges	\$ 409,194	\$ 244,808	\$ 654,002	\$ -
Equipment rental	-	-	-	151,736
Other	4,356	7,682	12,038	449
Total operating revenues	<u>413,550</u>	<u>252,490</u>	<u>666,040</u>	<u>152,185</u>
<b>OPERATING EXPENSES</b>				
Personnel costs	67,674	60,749	128,423	18,110
Contracted services	97,643	47,082	144,725	-
Equipment and supplies	23,317	15,800	39,117	41,306
Utilities	70,827	44,069	114,896	-
Internal charges	17,092	20,467	37,559	-
Miscellaneous	6,638	6,491	13,129	-
Depreciation	135,779	82,292	218,071	33,616
Total operating expenses	<u>418,970</u>	<u>276,950</u>	<u>695,920</u>	<u>93,032</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(5,420)</u>	<u>(24,460)</u>	<u>(29,880)</u>	<u>59,153</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Special assessment interest	8,962	-	8,962	-
Interest expense	(64,754)	(24,369)	(89,123)	-
Net nonoperating expenses	<u>(55,792)</u>	<u>(24,369)</u>	<u>(80,161)</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>(61,212)</u>	<u>(48,829)</u>	<u>(110,041)</u>	<u>59,153</u>
<b>TRANSFERS OUT</b>	<u>(42,840)</u>	<u>-</u>	<u>(42,840)</u>	<u>(75,000)</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Debt retirement charges	258,237	47,323	305,560	-
<b>CHANGES IN NET POSITION</b>	<u>154,185</u>	<u>(1,506)</u>	<u>152,679</u>	<u>(15,847)</u>
<b>NET POSITION - BEGINNING</b>	<u>4,506,362</u>	<u>1,886,919</u>	<u>6,393,281</u>	<u>347,247</u>
<b>NET POSITION - ENDING</b>	<u>\$ 4,660,547</u>	<u>\$ 1,885,413</u>	<u>6,545,960</u>	<u>\$ 331,400</u>
Reconciliation of the fund basis changes in net position to the statement of activities:				
Changes in net position			\$ 152,679	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>14,819</u>	
Change in net position of <i>business-type activities</i> (page 15)			<u>\$ 167,498</u>	

See notes to financial statements

**STATEMENT OF CASH FLOWS - proprietary funds**

Year ended December 31, 2013

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 399,177	\$ 246,400	\$ 645,577	\$ 152,185
Payments to vendors and suppliers	(205,950)	(121,488)	(327,438)	(43,502)
Payments to employees	(55,169)	(48,534)	(103,703)	(14,940)
Internal activity - payments to other funds	(17,092)	(20,467)	(37,559)	-
Net cash provided by operating activities	<u>120,966</u>	<u>55,911</u>	<u>176,877</u>	<u>93,743</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	(42,840)	-	(42,840)	(75,000)
Decrease in due from other funds	219,044	-	219,044	-
Decrease in due from county	-	6,958	6,958	-
Net cash provided by (used in) noncapital financing activities	<u>176,204</u>	<u>6,958</u>	<u>183,162</u>	<u>(75,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retirement charges	258,237	47,323	305,560	-
Special assessment principal collections	28,026	197	28,223	-
Special assessment interest	8,962	-	8,962	-
Acquisition of capital assets	-	-	-	(47,753)
Decrease in payables	(10,652)	(539)	(11,191)	-
Principal payments on capital debt	(283,500)	(56,500)	(340,000)	-
Interest payments on capital debt	(59,719)	(24,706)	(84,425)	-
Net cash used in capital and related financing activities	<u>(58,646)</u>	<u>(34,225)</u>	<u>(92,871)</u>	<u>(47,753)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>238,524</u>	<u>28,644</u>	<u>267,168</u>	<u>(29,010)</u>
<b>CASH - BEGINNING (including restricted cash of \$28,870 in the Sewer Fund and \$30,642 in the Water Fund)</b>	<u>1,311,413</u>	<u>120,481</u>	<u>1,431,894</u>	<u>87,351</u>
<b>CASH - ENDING</b>	<u>\$ 1,549,937</u>	<u>\$ 149,125</u>	<u>\$ 1,699,062</u>	<u>\$ 58,341</u>

See notes to financial statements

Village of Middleville

**STATEMENT OF CASH FLOWS - proprietary funds (Continued)**

Year ended December 31, 2013

	<i>Business-type activities</i>			<i>Governmental activities</i>
	<i>Enterprise funds</i>			<i>Internal service</i>
	<i>Sewer</i>	<i>Water</i>	<i>Totals</i>	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (5,420)	\$ (24,460)	\$ (29,880)	\$ 59,153
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	135,779	82,292	218,071	33,616
(Increase) decrease in prepaid expenses	(2,667)	2,685	18	-
Increase in receivables	(14,373)	(6,090)	(20,463)	-
Increase in payables	7,647	1,484	9,131	974
Net cash provided by operating activities	<u>\$ 120,966</u>	<u>\$ 55,911</u>	<u>\$ 176,877</u>	<u>\$ 93,743</u>

See notes to financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Middleville, Michigan (the Village), conform to accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the more significant accounting policies.

*Reporting entity:*

The accompanying financial statements present the Village, located in Barry County, and its component units, entities for which the Village is considered to be financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Village.

*Discretely presented component units - Local Development Finance Authority (LDFA) and Downtown Development Authority (DDA):*

Each component units' governing body is appointed by the Village Council and their debt remains the responsibility of the Village. Separate financial statements for the component units have not been issued as management believes that these financial statements, including disclosures, contain complete information so as to constitute a fair presentation of each component unit.

*Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the Village generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Major Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by State statute for major street repairs and improvements.

The Local Street Fund, a special revenue fund, accounts for the use of motor fuel taxes that are earmarked by State statute for local street repairs and improvements.

The Village reports the following major proprietary funds:

The Sewer Fund accounts for the operation of the Village's sewage collection systems and treatment plant.

The Water Fund accounts for the operation of the Village's water distribution and treatment system.

Additionally, the Village reports the following fund type:

The Motor Vehicle Equipment Fund, an internal service fund, accounts for the financing of services provided to other departments or agencies of the Village on a cost-reimbursement basis.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Assets, liabilities, and net position or equity:*

*Cash* - Cash consists of cash on hand, demand deposits, and time deposits.

*Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Village considers all receivables to be fully collectible.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Assets, liabilities, and net position or equity (continued):*

*Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of governmental activities either retroactively to June 15, 1980, or prospectively. The Village has elected to account for its infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 20 years
Sewage disposal system	50 - 70 years

*Compensated absences* - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vested compensated absences are accrued when earned in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

*Net position* - Net position represents the difference between assets and liabilities. The Village reports three categories of net position, as follows: (1) *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets; (2) *Restricted net position* is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations, such as federal or state laws or buyers of the Village's debt. Restricted net position is reduced by liabilities related to the restricted assets; (3) *Unrestricted net position* consists of all other net position that does not meet the definition of the above components and is available for general use by the Village.

*Fund equity* - Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are not in spendable form. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws and regulations of other governments. The Village has delegated the authority to assign fund balance to the Village Manager. Unassigned fund balances are amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund. When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the policy of the Village to use the restricted fund balance first, followed by assigned fund balance, and, finally, unassigned fund balance.

*Property taxes* - The Village's property taxes are levied each July 1 on the taxable valuation of property as of the preceding December 31. Property taxes are considered delinquent on September 14 of the following year, at which time interest and penalties are assessed. The Village's 2013 ad valorem tax is levied and collectible on July 1, 2013. It is the Village's policy to recognize revenue from that tax levy in the current year when the proceeds are budgeted and made available for the financing of operations.

*Use of estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, activity, and line-item. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year. There were no reportable budget variances for the fiscal year ended December 31, 2013.

**NOTE 3 - CASH**

At December 31, 2013, cash is classified in the accompanying financial statements as follows:

Statement of net position:	
Primary government:	
Cash	\$ 1,921,674
Component units:	
LDFA - cash	658,599
DDA - cash	<u>176,904</u>
 Total	 <u>\$ 2,757,177</u>

At December 31, 2013, cash consists of the following:

Cash on hand	\$ 350
Deposits with financial institutions	<u>2,756,827</u>
 Total	 <u>\$ 2,757,177</u>

*Deposits* - Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) and the Village's investment policy authorize the Village to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Village's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Village will not be able to recover its deposits. The Village's investment policy does not specifically address custodial credit risk for deposits. At December 31, 2013, \$2,318,672 of the Village's bank balances of \$2,769,435 was exposed to custodial credit risk because it was uninsured. However, this amount is collateralized by securities held by the pledging financial institution.

The Village maintains a pooled cash account for all of its funds and its component units. As such, it is not practicable to allocate the balance exposed to custodial credit risk between the primary government and the component units.

**NOTE 4 - RECEIVABLES**

Receivables as of December 31, 2013, for the Village were as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Inter-governmental</u>	<u>Special assessments</u>	<u>Totals</u>
Primary government:					
Governmental:					
General	\$ -	\$ 65,486	\$ 91,613	\$ -	\$ 157,099
Major Street	-	11,907	25,468	-	37,375
Local Street	-	-	9,175	-	9,175
Total governmental funds	\$ -	\$ 77,393	\$ 126,256	\$ -	\$ 203,649
Proprietary:					
Sewer	\$ 168,026	\$ -	\$ -	\$ 99,989	\$ 268,015
Water	70,431	-	12	1,082	71,525
Total proprietary funds	\$ 238,457	\$ -	\$ 12	\$ 101,071	\$ 339,540
Noncurrent portion	\$ -	\$ -	\$ -	\$ 76,423	\$ 76,423
Component units:					
LDFA	\$ -	\$ 64,513	\$ -	\$ -	\$ 64,513
DDA	\$ -	\$ 27,246	\$ -	\$ -	\$ 27,246

**NOTE 5 - ADVANCE TO COMPONENT UNIT**

The General Fund advanced \$330,000 to the Downtown Development Authority, a component unit of the Village, to finance a portion of the cost of road reconstruction. The agreement between the two entities requires annual payments of \$28,131, plus interest at 6.5%, through 2014. The balance at December 31, 2013, is \$28,131.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 191,371	\$ 12,500	\$ -	\$ 203,871
Construction in progress	5,903	-	(5,903)	-
	<u>197,274</u>	<u>12,500</u>	<u>(5,903)</u>	<u>203,871</u>
Total capital assets not being depreciated				
	<u>197,274</u>	<u>12,500</u>	<u>(5,903)</u>	<u>203,871</u>
Capital assets being depreciated:				
Land improvements	62,768	-	-	62,768
Buildings	1,028,690	141,901	-	1,170,591
Furniture, fixtures, and equipment	352,618	-	-	352,618
Infrastructure	3,233,498	307,398	-	3,540,896
Vehicles	342,192	47,753	-	389,945
	<u>5,019,766</u>	<u>497,052</u>	<u>-</u>	<u>5,516,818</u>
Subtotal				
	<u>5,019,766</u>	<u>497,052</u>	<u>-</u>	<u>5,516,818</u>
Less accumulated depreciation for:				
Land improvements	(28,401)	(3,138)	-	(31,539)
Buildings	(315,909)	(29,127)	-	(345,036)
Furniture, fixtures, and equipment	(229,358)	(25,079)	-	(254,437)
Infrastructure	(416,120)	(86,293)	-	(502,413)
Vehicles	(321,019)	(12,585)	-	(333,604)
	<u>(1,310,807)</u>	<u>(156,222)</u>	<u>-</u>	<u>(1,467,029)</u>
Subtotal				
	<u>(1,310,807)</u>	<u>(156,222)</u>	<u>-</u>	<u>(1,467,029)</u>
Total capital assets being depreciated, net				
	<u>3,708,959</u>	<u>340,830</u>	<u>-</u>	<u>4,049,789</u>
Governmental activities capital assets, net				
	<u>\$ 3,906,233</u>	<u>\$ 353,330</u>	<u>\$ (5,903)</u>	<u>\$ 4,253,660</u>

Depreciation expense was charged to governmental activities as follows:

<b>Governmental activities:</b>	
General government	\$ 22,592
Public safety	7,600
Public works	86,576
Recreation and culture	5,838
Depreciation on capital assets held by internal service fund	<u>33,616</u>
Total governmental activities	<u>\$ 156,222</u>

NOTE 6 - CAPITAL ASSETS (Continued)

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 143,149	\$ -	\$ -	\$ 143,149
Construction in progress	108,371	-	(108,371)	-
<b>Total capital assets not being depreciated</b>	<b>251,520</b>	<b>-</b>	<b>(108,371)</b>	<b>143,149</b>
<b>Capital assets being depreciated:</b>				
Sewer system	5,978,351	56,653	-	6,035,004
Water system	3,625,336	51,718	-	3,677,054
Equipment	253,996	-	-	253,996
<b>Subtotal</b>	<b>9,857,683</b>	<b>108,371</b>	<b>-</b>	<b>9,966,054</b>
<b>Less accumulated depreciation for:</b>				
Sewer system	(1,988,131)	(135,779)	-	(2,123,910)
Water system	(1,011,735)	(69,452)	-	(1,081,187)
Equipment	(152,927)	(12,840)	-	(165,767)
<b>Subtotal</b>	<b>(3,152,793)</b>	<b>(218,071)</b>	<b>-</b>	<b>(3,370,864)</b>
<b>Total capital assets being depreciated, net</b>	<b>6,704,890</b>	<b>(109,700)</b>	<b>-</b>	<b>6,595,190</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 6,956,410</b>	<b>\$ (109,700)</b>	<b>\$ (108,371)</b>	<b>\$ 6,738,339</b>

NOTE 6 - CAPITAL ASSETS (Continued)

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Component units:				
LDFA:				
Capital assets being depreciated - infrastructure	\$ 1,532,243	\$ 16,692	\$ -	\$ 1,548,935
Less accumulated depreciation for - infrastructure	<u>(75,925)</u>	<u>(38,519)</u>	<u>-</u>	<u>(114,444)</u>
LDFA capital assets, net	<u>\$ 1,456,318</u>	<u>\$ (21,827)</u>	<u>\$ -</u>	<u>\$ 1,434,491</u>
DDA:				
Capital assets not being depreciated - land	<u>\$ 39,350</u>	<u>\$ -</u>	<u>\$ (39,350)</u>	<u>\$ -</u>
Capital assets being depreciated - infrastructure	<u>23,839</u>	<u>-</u>	<u>-</u>	<u>23,839</u>
Less accumulated depreciation for - infrastructure	<u>(1,192)</u>	<u>(596)</u>	<u>-</u>	<u>(1,788)</u>
Total capital assets being depreciated, net	<u>22,647</u>	<u>(596)</u>	<u>-</u>	<u>22,051</u>
DDA capital assets, net	<u>\$ 61,997</u>	<u>\$ (596)</u>	<u>\$ (39,350)</u>	<u>\$ 22,051</u>

NOTE 7 - PAYABLES

Payables as of December 31, 2013, for the Village were as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Payroll</i>	<i>Intergovern- mental</i>	<i>Interest</i>	<i>Totals</i>
<b>Primary government:</b>					
<b>Governmental:</b>					
General	\$ 53,028	\$ 14,944	\$ -	\$ -	\$ 67,972
Major Street	3,824	3,920	-	-	7,744
Local Street	2,651	632	-	-	3,283
<b>Total governmental funds</b>	<b>\$ 59,503</b>	<b>\$ 19,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,999</b>
<b>Proprietary:</b>					
<b>Enterprise:</b>					
Sewer	\$ 4,798	\$ 8,816	\$ -	\$ 12,332	\$ 25,946
Water	4,723	750	-	7,297	12,770
	9,521	9,566	-	19,629	38,716
Motor Vehicle Equipment	340	47	1,189	-	1,576
<b>Total proprietary funds</b>	<b>\$ 9,861</b>	<b>\$ 9,613</b>	<b>\$ 1,189</b>	<b>\$ 19,629</b>	<b>\$ 40,292</b>
<b>Component units:</b>					
LDFA	\$ 342	\$ -	\$ -	\$ 1,646	\$ 1,988
DDA	\$ 1,691	\$ 326	\$ -	\$ -	\$ 2,017

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The interfund transfers for the year ended December 31, 2013, were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	\$ 42,840	Sewer	\$ 42,840
Major Street	<u>100,000</u>	Motor Vehicle Equipment	75,000
		General	<u>25,000</u>
			<u>100,000</u>
Local Street	<u>25,000</u>	General	<u>25,000</u>
	<u>\$ 167,840</u>		<u>\$ 167,840</u>

The transfer out of the Sewer Fund relates to the Village's payment in lieu of taxes program. The payment is classified as a transfer as the transaction does not involve an exchange for services provided.

The transfers to the Major Street Fund represent support for public works expenditures.

The transfer to the Local Street Fund represents cash assistance for projects undertaken in the current year.

**NOTE 9 - LONG-TERM LIABILITIES**

At December 31, 2013, long-term liabilities are comprised of the following individual issues:

Primary government:

Governmental activities:

Bonds payable:

\$700,000 2012 Barry County Capital Improvement bonds payable - payable in annual installments ranging from \$25,000 to \$50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032	<u>\$ 397,000</u>
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Notes payable:

\$250,000 2008 Installment purchase agreement - payable in annual installments ranging from \$21,000 to \$30,000, plus interest at 4.29%; final payment due March 2018	139,000
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\$20,000 2012 Installment purchase agreement - payable in semi-annual installments of \$3,474, including interest at 2.39%; final payment due September 2016	13,548
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\$136,000 2013 Drain improvement agreement - payable in annual installments of \$13,600, including interest at 3.73%; final payment due February 2023	<u>136,000</u>
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Total notes payable	<u>288,548</u>
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Total governmental activities	<u>\$ 685,548</u>
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Business-type activities:

Contracts and bonds payable:

\$1,125,000 1999 Barry County contract payable - payable in annual installments ranging from \$50,000 to \$75,000, plus interest at 3.9% to 6.9%; final payment due October 2018	\$ 375,000
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\$1,870,000 2003 Barry County contract payable - payable in annual installments ranging from \$35,000 to \$220,000, plus interest at 2.0% to 3.8%; final payment due November 2014	220,000
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\$205,000 2006 Barry County Water contract payable - payable in annual installments ranging from \$10,000 to \$15,000, plus interest at 2.125%; final payment due April 2026	135,000
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\$1,040,000 2006 Barry County Water contract payable - payable in annual installments ranging from \$40,000 to \$65,000, plus interest at 2.125%; final payment due April 2027	775,000
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\$425,000 2010 Barry County Capital Improvement bonds payable - payable in annual installments ranging from \$10,000 to \$25,000, plus interest ranging between 1.95% and 5.20%; final payment due March 2030	390,000
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\$700,000 2012 Barry County Capital Improvement bonds payable - payable in annual installments ranging from \$25,000 to \$50,000, plus interest ranging between 1.20% and 4.40%; final payment due March 2032	<u>303,000</u>
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Total business-type activities	<u>\$ 2,198,000</u>
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

Component unit - LDFA:

Contract payable - \$823,574 2010 Barry County contract payable - payable in annual installment of \$38,717, plus interest at 4.35%; final payment due February 2014 \$ 38,717

Contract payable - \$745,509 2013 Barry County contract payable - payable in annual installments ranging from \$47,000 to \$75,000, plus interest at 0.80% to 3.60%; final payment due February 2026 745,509

Total component unit - LDFA \$ 784,226

Long-term liability activity for the year ended December 31, 2013, was as follows:

	<i>Beginning balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending balance</i>	<i>Amounts due within one year</i>
<b>Governmental activities:</b>					
2008 Note payable	\$ 163,000	\$ -	\$ (24,000)	\$ 139,000	\$ 25,000
2012 Note payable	20,000	-	(6,452)	13,548	6,675
2012 Bonds payable	397,000	-	-	397,000	14,179
2013 Drain assessment	-	136,000	-	136,000	13,600
	<u>580,000</u>	<u>136,000</u>	<u>(30,452)</u>	<u>685,548</u>	<u>59,454</u>
<b>Total governmental activities</b>					
	<u>\$ 580,000</u>	<u>\$ 136,000</u>	<u>\$ (30,452)</u>	<u>\$ 685,548</u>	<u>\$ 59,454</u>
<b>Business-type activities:</b>					
1999 Contract payable	\$ 450,000	\$ -	\$ (75,000)	\$ 375,000	\$ 75,000
2003 Contract payable	415,000	-	(195,000)	220,000	220,000
2006 Contract payable	145,000	-	(10,000)	135,000	10,000
2006 Contract payable	820,000	-	(45,000)	775,000	50,000
2010 Bonds payable	405,000	-	(15,000)	390,000	15,000
2012 Bonds payable	303,000	-	-	303,000	10,821
	<u>2,538,000</u>	<u>-</u>	<u>(340,000)</u>	<u>2,198,000</u>	<u>380,821</u>
<b>Total business-type activities</b>					
	<u>\$ 2,538,000</u>	<u>\$ -</u>	<u>\$ (340,000)</u>	<u>\$ 2,198,000</u>	<u>\$ 380,821</u>
<b>Component unit - LDFA:</b>					
2010 Contract payable	\$ 765,632	\$ -	\$ (726,915)	\$ 38,717	\$ 38,717
2013 Contract payable	-	745,509	-	745,509	-
	<u>765,632</u>	<u>745,509</u>	<u>(726,915)</u>	<u>784,226</u>	<u>38,717</u>
<b>Total component unit activities</b>					
	<u>\$ 765,632</u>	<u>\$ 745,509</u>	<u>\$ (726,915)</u>	<u>\$ 784,226</u>	<u>\$ 38,717</u>

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

At December 31, 2013, debt service requirements were as follows:

Year ended December 31:	Primary government:					
	Governmental activities		Business-type activities		Component unit - LDFA	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 59,454	\$ 20,144	\$ 380,821	\$ 72,108	\$ 38,717	\$ 14,727
2015	61,652	22,187	165,821	58,305	52,683	16,754
2016	55,779	20,172	165,821	52,678	47,346	16,516
2017	56,779	18,198	165,821	46,956	47,000	16,127
2018	57,779	16,146	165,821	41,162	71,644	15,362
2019 - 2023	138,895	64,419	504,105	149,901	317,538	56,314
2024 - 2028	141,785	38,200	513,215	71,299	209,298	11,345
2029 - 2032	113,425	9,853	136,575	10,105	-	-
Totals	<u>\$ 685,548</u>	<u>\$ 209,319</u>	<u>\$ 2,198,000</u>	<u>\$ 502,514</u>	<u>\$ 784,226</u>	<u>\$ 147,145</u>

All debt is secured by the full faith and credit of the Village.

**NOTE 10 - PROPERTY TAXES**

The 2013 taxable valuation of the Village approximated \$92,676,000, on which ad valorem taxes levied consisted of 10.5 mills for operating purposes and 2.0 mills for major streets, raising approximately \$977,000 for operating and \$186,000 for major street preservation and improvements. These amounts are recognized in the respective fund financial statements as property tax revenue.

**NOTE 11 - DEFINED BENEFIT PENSION PLAN**

*Plan description:*

The Village's defined benefit pension plan provides retirement benefits to qualified employees and their beneficiaries. The Village's defined benefit pension plan is affiliated with the Municipal Employees' Retirement System of Michigan (MERS), an agent, multiple-employer, public employee retirement system that acts as a common investment and administrative agent for municipalities in Michigan. Public Act 220 of 1996 of the State of Michigan assigns the authority to establish and amend the benefit provisions to the Village. The MERS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917, or by calling 1-800-767-6377.

*Funding policy:*

Contribution rates for each participating employer and its covered employees are established, and may be amended, by each participating unit. The contribution rates are determined based on the benefit structure established by each employer. Covered employees are not required to contribute to the plan. Participating employers are required to contribute amounts necessary to finance the coverage of their employees through periodic contributions at actuarially-determined rates. Administrative costs of the plan are financed through investment earnings.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)**

*Annual pension cost:*

For the year ended December 31, 2013, the Village's annual pension cost was \$33,470. Significant actuarial assumptions used included a) 8% investment rate of return, net of administrative expenses, b) projected salary increases of 1.0% per year, and c) no cost of living adjustments. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized over a closed period of 28 years as a level percentage of payroll.

Three-year trend information is as follows:

<i>Fiscal year ending</i>	<i>Annual pension cost (APC)</i>	<i>Percentage of APC contributed</i>	<i>Net pension obligation</i>
12/31/13	\$ 33,470	100%	\$ -
12/31/12	54,979	100%	-
12/31/11	27,670	100%	-

*Funded status and funding progress:*

The funded status of the plan for the most recent actuarial valuation date is as follows:

<i>Actuarial Valuation date</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Under funded AAL (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
12/31/2012	\$ 1,185,422	\$ 1,520,446	\$ 335,024	78%	\$ 341,308	98%

The 2012 valuation reflects the following changes in actuarial assumptions:

- Temporary lower wage inflation assumption.
- New (additional) minimum funding requirements for poorly funded, closed divisions.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits. Certain other accounting policies and plan asset matters are discussed in greater detail in the Village's actuarial valuation.

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS**

*Plan description:*

The Village of Middleville administers two single-employer, defined benefit healthcare plans (the Exempt Employee and Union Employee plans). The Exempt Employee Plan provides healthcare benefits to all full-time employees upon retirement, in accordance with the Village personnel policy and current practice. Current practice for exempt employees provides for retired employees to receive a quarterly stipend (\$711 for single and \$1,168 for retiree and spouse) for medical insurance from the date of retirement until death. The postretirement benefit transfers to the spouse upon the retiree's death. The Union Employee Plan provides healthcare benefits to all full-time union employees upon retirement, in accordance with the collective bargaining agreement. The agreement requires the Village to pay 50% of medical insurance premiums (up to \$127 for single and \$253 for retiree and spouse) for retired union employees from the first day following the retiree's 65<sup>th</sup> birthday until death. The postretirement benefit transfers to the spouse upon the retiree's death. The Plan was established by the Village and can be amended at its discretion. The plans do not issue separate stand-alone financial statements.

*Funding policy:*

The Village has elected to provide postemployment health benefits to retirees of the Village. The Village pays the full cost of coverage of these benefits for retirees and their spouses on a pay-as-you-go basis. Currently, three retirees are eligible for postemployment health benefits. The Village obtains healthcare coverage through private insurers. The Village has the authority to establish the funding policy for the plans and to amend the obligations of both the Village and members. Active members are not obligated to make contributions to the Plan at this time. For the year ended December 31, 2013, the Village contributed \$4,674 to the plan.

*Annual OPEB cost and net OPEB obligation:*

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year ended December 31, 2013, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

Annual required contribution (ARC)	\$ 46,126
Interest on net OPEB obligation	5,813
Adjustment to annual required contribution	<u>(14,701)</u>
Annual OPEB cost (expense)	37,238
Contributions made	<u>(4,674)</u>
Increase in net OPEB obligation	32,564
Net OPEB obligation - beginning of year	<u>105,689</u>
Net OPEB obligation - end of year	<u>\$ 138,253</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Annual OPEB cost and net OPEB obligation (continued):*

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2013, were as follows:

<i>Fiscal year ended</i>	<i>Annual OPEB cost</i>	<i>Contributions</i>	<i>Percentage of annual OPEB cost contributed</i>	<i>Net OPEB obligation</i>
12/31/2013	\$ 37,238	\$ 4,674	13%	\$ 138,253

*Funded status and funding progress:*

As of December 31, 2013, the most recent valuation date, the plan had not been funded, resulting in an unfunded actuarial accrued liability (UAAL) of \$303,017. The covered payroll (annual payroll of active employees covered by the plan) was \$321,484, and the ratio of the UAAL to the covered payroll was 94%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial methods and assumptions:*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at various ages up to age sixty-five (65). This assumption is consistent with the first subsequent year in which the member would qualify for benefits. Employees of the Village are eligible to retire after ten (10) years of service and upon reaching MERS retirement requirements.

*Marital status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* - Life expectancies were based on mortality tables from the United States Social Security Administration. The 2007 Period Life Table for males and females was used.

*Turnover* - Non-group-specific, age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

**NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Healthcare cost trend rate* - The expected rate of increase in healthcare insurance premiums was not specifically considered in the valuation due to the Village requiring eligible retirees to pay the difference between the actual premium amounts charged and the Village's contractually required contribution amount.

*Inflation rate* - The expected long-term inflation assumption of 2.8% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2010 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* for an intermediate growth scenario. The healthcare inflation rate utilized is from 9% to 5% beginning with 9% in the subsequent year and declining 1% each year thereafter.

*Payroll growth rate* - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

**NOTE 13 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; and natural disasters. The Village has joined together with other local governmental units in the State to form the Michigan Municipal League Insurance Pool (MML), a public entity risk pool currently operating as a common risk management and insurance program for local governmental units within the State. The Village pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$2,000,000 for each insured event.

**NOTE 14 - RESTRICTED NET POSITION**

In the government-wide statement of net position, the governmental activities report restricted net position, in the amount of \$176,195, which is restricted by enabling legislation for public works expenditures.

**NOTE 15 - ADVANCE BOND REFUNDING AND DEFEASANCE**

On September 11, 2013, the Village, through Barry County, issued \$885,000 in Michigan Transportation Fund refunding bonds, with an average interest rate of 2.74%, to refund \$825,000 of outstanding Michigan Transportation Fund Series 2010 bonds with average interest rates of 4.345%. The net proceeds were used to pay issuance costs, in the amount of \$27,155, and purchase government securities, in the amount of \$857,845, which were deposited in an irrevocable trust with an escrow agent. These funds were used to call the outstanding 2010 bonds on February 1, 2014.

The Village completed the refunding to reduce its total debt service payments over the next 13 years by \$250,117 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$220,094.

**NOTE 16 - RECENT ACCOUNTING PRONOUNCEMENTS**

Effective January 1, 2013, the Village adopted the provisions of the following accounting pronouncements that did not result in restatement or reclassification of opening net position or fund balances:

Governmental Accounting Standards Board (GASB) Statement No. 61, *Financial Reporting Entity Omnibus*. This Statement, which is an amendment to Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interest in legally separate organizations.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**NOTE 17 - PENDING ACCOUNTING PRONOUNCEMENT**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for periods beginning after June 15, 2014. This Statement generally carries forward the requirements of Statement No. 27 for employer accounting and financial reporting for defined contribution plans. In this Statement, the definition of defined contribution pensions, as well as the accounting requirements for such pensions, includes provisions to accommodate circumstances in which the timing of payments into individual accounts does not coincide with the period of employee service to which defined contributions pertain (as when a nonvested employee accumulates credits for which the employer delays payment into the employee's account until vesting provisions have been satisfied). This Statement also establishes requirements to address accounting for forfeitures. The Statement also enhances accountability and transparency through revised note disclosures. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the fiscal year beginning July 1, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended December 31, 2013

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 733,466	\$ 733,466	\$ 689,018	\$ (44,448)
Licenses and permits	5,000	5,000	2,780	(2,220)
State grants	271,757	271,757	279,101	7,344
Interest and rentals	12,012	12,012	16,084	4,072
Other	7,250	7,250	23,770	16,520
<b>Total revenues</b>	<b>1,029,485</b>	<b>1,029,485</b>	<b>1,010,753</b>	<b>(18,732)</b>
<b>EXPENDITURES</b>				
<b>General government:</b>				
Legislative	21,224	21,324	20,940	384
Manager	59,707	63,657	62,543	1,114
Finance director	62,388	66,338	61,913	4,425
Professional fees	57,000	52,726	51,923	803
Clerk	32,692	34,197	31,987	2,210
Building and grounds	34,000	41,900	43,112	(1,212)
Nondepartmental	156,819	141,298	113,527	27,771
<b>Total general government</b>	<b>423,830</b>	<b>421,440</b>	<b>385,945</b>	<b>35,495</b>
<b>Public safety:</b>				
Police protection	285,453	286,095	276,686	9,409
Crossing guards	6,134	5,492	4,049	1,443
<b>Total public safety</b>	<b>291,587</b>	<b>291,587</b>	<b>280,735</b>	<b>10,852</b>
<b>Public works:</b>				
Public works department	90,603	118,783	119,542	(759)
Environmental control	32,648	41,963	40,984	979
Street lighting	43,840	37,640	38,325	(685)
Sidewalks	24,862	32,012	31,447	565
<b>Total public works</b>	<b>191,953</b>	<b>230,398</b>	<b>230,298</b>	<b>100</b>

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	\$ 65,742	\$ 65,742	\$ 57,614	\$ 8,128
Recreation and culture	44,240	50,580	46,146	4,434
Capital outlay	-	12,525	12,522	3
Debt service:				
Principal	30,512	30,512	30,452	60
Interest	14,588	14,688	10,393	4,295
Total debt service	45,100	45,200	40,845	4,355
Total expenditures	1,062,452	1,117,472	1,054,105	63,367
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(32,967)</b>	<b>(87,987)</b>	<b>(43,352)</b>	<b>44,635</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	42,682	42,682	-	(42,682)
Transfers in	42,840	42,840	42,840	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Net other financing sources (uses)	35,522	35,522	(7,160)	(42,682)
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,555</b>	<b>(52,465)</b>	<b>(50,512)</b>	<b>1,953</b>
<b>FUND BALANCES - BEGINNING</b>	<b>184,187</b>	<b>184,187</b>	<b>184,187</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 186,742</b>	<b>\$ 131,722</b>	<b>\$ 133,675</b>	<b>\$ 1,953</b>

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - Major Street Fund**

Year ended December 31, 2013

	<i>Original budget</i>	<i>Final budget</i>	<i>Actual</i>	<i>Variance with final budget positive (negative)</i>
<b>REVENUES</b>				
Property taxes	\$ 135,613	\$ 135,613	\$ 129,924	\$ (5,689)
State grant - Michigan Transportation Fund	149,858	149,858	164,293	14,435
Other	-	-	706	706
Total revenues	<u>285,471</u>	<u>285,471</u>	<u>294,923</u>	<u>9,452</u>
<b>EXPENDITURES</b>				
Public works:				
Preservation	265,000	263,300	263,283	17
Routine maintenance	34,207	34,807	35,225	(418)
Winter maintenance	44,268	45,268	45,247	21
Traffic services	14,000	14,000	14,007	(7)
Total public works	<u>357,475</u>	<u>357,375</u>	<u>357,762</u>	<u>(387)</u>
Debt service - interest	<u>9,095</u>	<u>9,195</u>	<u>9,548</u>	<u>(353)</u>
Total expenditures	<u>366,570</u>	<u>366,570</u>	<u>367,310</u>	<u>(740)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(81,099)</u>	<u>(81,099)</u>	<u>(72,387)</u>	<u>8,712</u>
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	260,000	260,000	-	(260,000)
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>360,000</u>	<u>360,000</u>	<u>100,000</u>	<u>(260,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	278,901	278,901	27,613	(251,288)
<b>FUND BALANCES - BEGINNING</b>	<u>110,055</u>	<u>110,055</u>	<u>110,055</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 388,956</u>	<u>\$ 388,956</u>	<u>\$ 137,668</u>	<u>\$ (251,288)</u>

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - Local Street Fund**

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
State grant - Michigan Transportation Fund	\$ 55,929	\$ 55,929	\$ 58,842	\$ 2,913
Other	-	-	387	387
Total revenues	<u>55,929</u>	<u>55,929</u>	<u>59,229</u>	<u>3,300</u>
<b>EXPENDITURES</b>				
Public works:				
Preservation	44,000	40,100	39,847	253
Routine maintenance	27,836	27,736	27,350	386
Winter maintenance	31,562	31,562	31,592	(30)
Traffic services	9,930	13,930	10,888	3,042
Total public works	<u>113,328</u>	<u>113,328</u>	<u>109,677</u>	<u>3,651</u>
Debt service - Interest	<u>1,605</u>	<u>1,605</u>	<u>615</u>	<u>990</u>
Total expenditures	<u>114,933</u>	<u>114,933</u>	<u>110,292</u>	<u>4,641</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(59,004)</u>	<u>(59,004)</u>	<u>(51,063)</u>	<u>7,941</u>
<b>OTHER FINANCING SOURCES</b>				
Bond proceeds	40,000	40,000	-	(40,000)
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources	<u>65,000</u>	<u>65,000</u>	<u>25,000</u>	<u>(40,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	5,996	5,996	(26,063)	(32,059)
<b>FUND BALANCES - BEGINNING</b>	<u>64,590</u>	<u>64,590</u>	<u>64,590</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 70,586</u>	<u>\$ 70,586</u>	<u>\$ 38,527</u>	<u>\$ (32,059)</u>

Village of Middleville

**SCHEDULE OF FUNDING PROGRESS FOR THE EMPLOYEE RETIREMENT SYSTEM**  
**(Municipal Employees' Retirement System of Michigan)**

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated.

<i>Actuarial valuation date December 31:</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial accrued liability (AAL) entry age (b)</i>	<i>Underfunded (overfunded) AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
1999	\$ 568,258	\$ 379,920	\$ (188,338)	150%	\$ 191,809	-98%
2000	616,154	510,260	(105,894)	121%	255,306	-41%
2001	651,394	578,113	(73,281)	113%	264,364	-28%
2002	663,155	607,675	(55,480)	109%	273,594	-20%
2003	705,803	643,480	(62,323)	110%	265,133	-24%
2004	742,540	675,163	(67,377)	110%	309,293	-22%
2005	793,419	736,086	(57,333)	108%	311,158	-18%
2006	865,482	806,364	(59,118)	107%	350,681	-17%
2007	933,525	865,519	(68,006)	108%	363,950	-19%
2008	994,601	1,039,929	45,328	96%	367,958	12%
2009	1,076,232	1,067,598	(8,634)	101%	327,929	-3%
2010	1,139,091	1,354,788	215,697	84%	185,271	116%
2011	1,150,761	1,442,669	291,908	80%	270,683	108%
2012	1,185,422	1,520,446	335,024	78%	341,308	98%

Notes to schedule:

The 2012 valuation reflects the following changes in the actuarial assumptions:

1. Temporary lower wage inflation assumption.
2. New (additional) minimum funding requirements for poorly funded, closed divisions.

**SCHEDULE OF FUNDING PROGRESS FOR THE POSTEMPLOYMENT HEALTHCARE PLAN**

Year ended December 31, 2013

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated.

<i>Actuarial valuation date December 31:</i>	<i>Actuarial value of assets (a)</i>	<i>Actuarial liability (AAL) entry age (b)</i>	<i>Underfunded (overfunded) AAL (UAAL) (b-a)</i>	<i>Funded ratio (a/b)</i>	<i>Covered payroll (c)</i>	<i>UAAL as a percentage of covered payroll ((b-a)/c)</i>
2011	\$ -	\$ 236,900	\$ 236,900	0%	\$ 306,092	77%
2012	-	257,860	257,860	0%	298,576	86%
2013	-	303,017	303,017	0%	321,484	94%

**SUPPLEMENTARY INFORMATION**

Village of Middleville

**BALANCE SHEET - component units**

December 31, 2013

	<u>Local Development Finance Authority</u>	<u>Downtown Development Authority</u>
<b>ASSETS</b>		
Cash	\$ 658,599	\$ 176,904
Receivables	<u>64,513</u>	<u>27,246</u>
Total assets	<u>\$ 723,112</u>	<u>\$ 204,150</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities - payables	\$ 342	\$ 2,017
Advance from primary government	<u>-</u>	<u>28,131</u>
Total liabilities	342	30,148
Fund balances - unassigned	<u>722,770</u>	<u>174,002</u>
Total liabilities and fund balances	<u>\$ 723,112</u>	<u>\$ 204,150</u>
 Total fund balances	 \$ 722,770	 \$ 174,002
 Amounts reported for the <i>component units</i> in the statement of net position (page 14) are different because:		
Capital assets used by the <i>component units</i> are not financial resources and, therefore, are not reported in the funds.	1,434,491	22,051
Long-term liabilities, consisting of a contract payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(784,226)</u>	<u>-</u>
Net position of the <i>component units</i>	<u>\$ 1,373,035</u>	<u>\$ 196,053</u>

Village of Middleville

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - component units**

Year ended December 31, 2013

	<i>Local Development Finance Authority</i>	<i>Downtown Development Authority</i>
<b>REVENUES</b>		
Property taxes	\$ 491,181	\$ 121,284
Charges for services	-	4,994
Other	-	13,154
Total revenues	<u>491,181</u>	<u>139,432</u>
<b>EXPENDITURES</b>		
Public works	28,785	61,237
Capital outlay	16,692	3,545
Debt service:		
Principal	41,386	-
Interest	32,025	-
Total expenditures	<u>118,888</u>	<u>64,782</u>
<b>NET CHANGES IN FUND BALANCES</b>	372,293	74,650
<b>FUND BALANCES - BEGINNING</b>	<u>350,477</u>	<u>99,352</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 722,770</u>	<u>\$ 174,002</u>
Net changes in fund balances	\$ 372,293	\$ 74,650
Amounts reported for the <i>component units</i> in the statement of activities (page 15) are different because:		
Assets acquired	16,692	-
Depreciation provision	(38,519)	(596)
Assets disposed	-	(39,350)
Long term obligations - principal payments	41,386	-
Proceeds from bond refunding	(745,509)	-
Payment to bond escrow trust	685,529	-
Decrease in accrued interest expense	<u>13,862</u>	<u>-</u>
Change in net position of <i>component units</i>	<u>\$ 345,734</u>	<u>\$ 34,704</u>

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - Local Development Finance Authority**

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 131,000	\$ 131,000	\$ 491,181	\$ 360,181
Interest	500	500	-	(500)
<b>Total revenues</b>	<u>131,500</u>	<u>131,500</u>	<u>491,181</u>	<u>359,681</u>
<b>EXPENDITURES</b>				
Public works	26,400	28,300	28,785	(485)
Capital outlay	20,000	16,700	16,692	8
Debt service:				
Principal	53,049	53,049	41,386	11,663
Interest	19,009	20,409	32,025	(11,616)
<b>Total expenditures</b>	<u>118,458</u>	<u>118,458</u>	<u>118,888</u>	<u>(430)</u>
<b>NET CHANGES IN FUND BALANCES</b>	13,042	13,042	372,293	359,251
<b>FUND BALANCES - BEGINNING</b>	<u>350,477</u>	<u>350,477</u>	<u>350,477</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 363,519</u>	<u>\$ 363,519</u>	<u>\$ 722,770</u>	<u>\$ 359,251</u>

Village of Middleville

**BUDGETARY COMPARISON SCHEDULE - Downtown Development Authority**

Year ended December 31, 2013

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 111,400	\$ 111,400	\$ 121,284	\$ 9,884
Charges for services	4,000	4,000	4,994	994
Other	-	-	13,154	13,154
Total revenues	<u>115,400</u>	<u>115,400</u>	<u>139,432</u>	<u>24,032</u>
<b>EXPENDITURES</b>				
Public works	96,991	98,491	61,237	37,254
Capital outlay	15,000	13,500	3,545	9,955
Total expenditures	<u>111,991</u>	<u>111,991</u>	<u>64,782</u>	<u>47,209</u>
<b>NET CHANGES IN FUND BALANCES</b>	3,409	3,409	74,650	71,241
<b>FUND BALANCES - BEGINNING</b>	<u>99,352</u>	<u>99,352</u>	<u>99,352</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 102,761</u>	<u>\$ 102,761</u>	<u>\$ 174,002</u>	<u>\$ 71,241</u>

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$1,125,000 1999 BARRY COUNTY CONTRACT PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>April 1</i>	<i>October 1</i>			
2014	\$ 8,944	\$ 8,944	10/1/14	\$ 75,000	\$ 92,888
2015	7,181	7,181	10/1/15	75,000	89,362
2016	5,400	5,400	10/1/16	75,000	85,800
2017	3,600	3,600	10/1/17	75,000	82,200
2018	1,800	1,800	10/1/18	75,000	78,600
	<u>\$ 26,925</u>	<u>\$ 26,925</u>		<u>\$ 375,000</u>	<u>\$ 428,850</u>

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$1,870,000 2003 BARRY COUNTY CONTRACT PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>May 1</i>	<i>November 1</i>			
2014	\$ 4,180	\$ 4,180	11/1/14	\$ 220,000	\$ 228,360

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$205,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>April 1</i>	<i>October 1</i>			
2014	\$ 1,434	\$ 1,434	4/1/14	\$ 10,000	\$ 12,868
2015	1,328	1,328	4/1/15	10,000	12,656
2016	1,222	1,222	4/1/16	10,000	12,444
2017	1,116	1,116	4/1/17	10,000	12,232
2018	1,009	1,009	4/1/18	10,000	12,018
2019	903	903	4/1/19	10,000	11,806
2020	797	797	4/1/20	10,000	11,594
2021	691	691	4/1/21	10,000	11,382
2022	584	584	4/1/22	10,000	11,168
2023	478	478	4/1/23	10,000	10,956
2024	372	372	4/1/24	10,000	10,744
2025	266	266	4/1/25	10,000	10,532
2026	159	159	4/1/26	15,000	15,318
	<u>\$ 10,359</u>	<u>\$ 10,359</u>		<u>\$ 135,000</u>	<u>\$ 155,718</u>

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$1,040,000 2006 BARRY COUNTY WATER CONTRACT PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>April 1</i>	<i>October 1</i>			
2014	\$ 8,234	\$ 8,234	4/1/14	\$ 50,000	\$ 66,468
2015	7,703	7,703	4/1/15	50,000	65,406
2016	7,172	7,172	4/1/16	50,000	64,344
2017	6,641	6,641	4/1/17	50,000	63,282
2018	6,109	6,109	4/1/18	50,000	62,218
2019	5,578	5,578	4/1/19	55,000	66,156
2020	4,994	4,994	4/1/20	55,000	64,988
2021	4,409	4,409	4/1/21	55,000	63,818
2022	3,825	3,825	4/1/22	55,000	62,650
2023	3,241	3,241	4/1/23	60,000	66,482
2024	2,603	2,603	4/1/24	60,000	65,206
2025	1,966	1,966	4/1/25	60,000	63,932
2026	1,328	1,328	4/1/26	60,000	62,656
2027	691	691	4/1/27	65,000	66,382
	<u>\$ 64,494</u>	<u>\$ 64,494</u>		<u>\$ 775,000</u>	<u>\$ 903,988</u>

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**  
**\$425,000 2010 BARRY COUNTY CAPITAL IMPROVEMENT BONDS PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>March 1</i>	<i>September 1</i>			
2014	\$ 8,286	\$ 8,088	3/1/14	\$ 15,000	\$ 31,374
2015	8,088	7,782	3/1/15	20,000	35,870
2016	7,782	7,458	3/1/16	20,000	35,240
2017	7,458	7,113	3/1/17	20,000	34,571
2018	7,113	6,747	3/1/18	20,000	33,860
2019	6,747	6,363	3/1/19	20,000	33,110
2020	6,363	5,856	3/1/20	25,000	37,219
2021	5,856	5,331	3/1/21	25,000	36,187
2022	5,331	4,788	3/1/22	25,000	35,119
2023	4,788	4,225	3/1/23	25,000	34,013
2024	4,225	3,644	3/1/24	25,000	32,869
2025	3,644	3,044	3/1/25	25,000	31,688
2026	3,044	2,431	3/1/26	25,000	30,475
2027	2,431	1,806	3/1/27	25,000	29,237
2028	1,806	1,294	3/1/28	25,000	28,100
2029	1,294	650	3/1/29	25,000	26,944
2030	650	-	3/1/30	25,000	25,650
	<u>\$ 84,906</u>	<u>\$ 76,620</u>		<u>\$ 390,000</u>	<u>\$ 551,526</u>

Village of Middleville

**SCHEDULE OF BOND RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$700,000 2012 BARRY COUNTY CAPITAL IMPROVEMENT BONDS PAYABLE**

December 31, 2013

Fiscal period	Interest requirements		Maturity date	Principal	Total requirements
	March 1	September 1			
2014	\$ 11,800	\$ 11,650	3/1/14	\$ 25,000	\$ 48,450
2015	11,650	11,475	3/1/15	25,000	48,125
2016	11,475	11,281	3/1/16	25,000	47,756
2017	11,281	11,063	3/1/17	25,000	47,344
2018	11,063	10,806	3/1/18	25,000	46,869
2019	10,806	10,519	3/1/19	25,000	46,325
2020	10,519	10,200	3/1/20	25,000	45,719
2021	10,200	9,850	3/1/21	25,000	45,050
2022	9,850	9,462	3/1/22	25,000	44,312
2023	9,462	9,050	3/1/23	25,000	43,512
2024	9,050	8,175	3/1/24	50,000	67,225
2025	8,175	7,250	3/1/25	50,000	65,425
2026	7,250	6,287	3/1/26	50,000	63,537
2027	6,287	5,300	3/1/27	50,000	61,587
2028	5,300	4,288	3/1/28	50,000	59,588
2029	4,288	3,250	3/1/29	50,000	57,538
2030	3,250	2,187	3/1/30	50,000	55,437
2031	2,187	1,100	3/1/31	50,000	53,287
2032	1,100	-	3/1/32	50,000	51,100
	<u>\$ 154,993</u>	<u>\$ 143,193</u>		<u>\$ 700,000</u>	<u>\$ 998,186</u>

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
Allocation by activity:			
Governmental activities	\$ 397,000	\$ 169,114	\$ 566,114
Business-type activities	<u>303,000</u>	<u>129,072</u>	<u>432,072</u>
	<u>\$ 700,000</u>	<u>\$ 298,186</u>	<u>\$ 998,186</u>

*Village of Middleville*

**LOCAL DEVELOPMENT FINANCE AUTHORITY  
SCHEDULE OF CONTRACT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS  
SB23574 2010 BARRY COUNTY CONTRACT PAYABLE**

*December 31, 2013*

<i>Fiscal period</i>	<i>Interest requirements</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
	<i>February 1</i>	<i>August 1</i>			
2014	\$ (3,789)	\$ -	2/1/14	\$ 38,717	\$ 34,928

Village of Middleville

LOCAL DEVELOPMENT FINANCE AUTHORITY  
 SCHEDULE OF CONTRACT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS  
 \$745,509 2013 BARRY COUNTY CONTRACT PAYABLE

December 31, 2013

Fiscal period	Interest requirements		Maturity date	Principal	Total requirements
	February 1	August 1			
2014	\$ -	\$ 18,516	2/1/14	\$ -	\$ 18,516
2015	6,599	10,155	2/1/15	52,683	69,437
2016	6,676	9,840	2/1/16	47,346	63,862
2017	6,707	9,420	2/1/17	47,000	63,127
2018	6,643	8,719	2/1/18	71,644	87,006
2019	6,307	7,959	2/1/19	66,279	80,545
2020	5,922	7,059	2/1/20	65,904	78,885
2021	5,408	6,019	2/1/21	65,518	76,945
2022	4,764	4,950	2/1/22	60,122	69,836
2023	4,103	3,825	2/1/23	59,715	67,643
2024	3,395	2,625	2/1/24	59,298	65,318
2025	2,625	1,349	2/1/25	75,000	78,974
2026	1,349	-	2/1/26	75,000	76,349
	<u>\$ 60,498</u>	<u>\$ 90,436</u>		<u>\$ 745,509</u>	<u>\$ 896,443</u>

Village of Middleville

**SCHEDULE OF CONTRACT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS**

**\$136,000 2013 BARRY COUNTY DRAIN COMMISSION CONTRACT PAYABLE**

December 31, 2013

<i>Fiscal period</i>	<i>Interest February 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2014	\$ 1,146	2/28/14	\$ 13,600	\$ 14,746
2015	4,650	2/28/15	13,600	18,250
2016	4,134	2/28/16	13,600	17,734
2017	3,617	2/28/17	13,600	17,217
2018	3,101	2/28/18	13,600	16,701
2019	2,584	2/28/19	13,600	16,184
2020	2,067	2/28/20	13,600	15,667
2021	1,551	2/28/21	13,600	15,151
2022	1,033	2/28/22	13,600	14,633
2023	517	2/28/23	13,600	14,117
	<u>\$ 24,400</u>		<u>\$ 136,000</u>	<u>\$ 160,400</u>

*Village of Middleville*

**DOWNTOWN DEVELOPMENT AUTHORITY  
SCHEDULE OF CONTRACT RETIREMENT AND ANNUAL INTEREST REQUIREMENTS  
\$310,387 2002 LONG-TERM ADVANCE FROM GENERAL FUND**

*December 31, 2013*

<i>Fiscal period</i>	<i>Interest July 1</i>	<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
2014	<u>\$ 1,325</u>	7/1/14	<u>\$ 28,131</u>	<u>\$ 29,456</u>